

Financing Instruments for RE – the German Context and the Neighbourhood Investment Facility of the EU

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Die Zukunftsförderer



Our activities in Germany

- Financing of wind power development, biomass and photovoltaics on a large scale
- Annual commitments of 10 billion EURO for Renewable Energy
- The challenge ahead of us: financing the transition of the German energy system (after the government decision to step out of nuclear power)

Some of our activities worldwide / in MENA

- Financing wind power (particular focus on North Sea Off-Shore / in MENA focus on Egypt and Morocco)
- Solarthermal power projects (CSP): Spain, US, India, South Africa - in MENA: Abu Dhabi, Morocco, Tunisia and Egypt
- Photovoltaic power plants: Brasil, India etc. / MENA: United Arab Emirates, Tunisia
- MENA: project portfolio in RE of more than EUR 1 billion under preparation

Financing instruments and financial institutions for the support of RE in MENA

Financing instruments initiated by the German government

- In recent years: establishment of 3 new financing facilities for cooperation in climate change mitigation (most of them also for adaptation) on a worldwide scale
- Support of these facilities through budget funds
 - Ministry of Economic Cooperation and Development
 - Ministry of the Environment
- In addition: own funds from KfW / different instruments: grants and concessional loans by KfW Development Bank / commercial loan financing through KfW IPEX / equity and mezzanine instruments through KfW-DEG

Other financial institutions and their instruments

- EBRD – new financial institution entering the arena
- World Bank and African Development with own funds – but in particular with the funds from the Clean Technology Fund (CTF)
- EU, EIB and AFD / together with KfW – and in future also EBRD under the umbrella of the Neighbourhood Investment Facility (NIF) of the EU
- NIF – a perfect instrument for financing large RE projects in MENA (EU grant contribution / harmonized procedures)

The general conclusion:

- Growing opportunities and needs for RE finance because of the commitment of many MENA countries to develop RE
- Excellent financial instruments are available (NIF, CTF etc.)
- Numerous financial institutions strongly interested in RE (quite different compared to 15 years ago)
- Developed partnership between the financing institutions to work together closely in these projects
- Financing context for RE in MENA is much more advanced and better organized than in many other sectors
- No need to create new institutions and new instruments
- Focus efforts on improving the existing setting and to assure continuity

Room for improvement / assuring continuity

- To have Arab Financial Institutions on board / particularly those who also offer concessional financing for RE
- Funding through the CTF (including the CSP scale up) should be assured as long as the Green Climate is not operational
- Introducing more concessionality of the EU within the funding of the NIF
- Establishing a special sub-facility within the NIF for RE

Some proposals regarding the Neighbourhood Investment Facility:

- **Introducing a less schematic and more differentiated approach for the grant contribution to the NIF projects**
- **Increasing the grant contribution for certain RE projects which are in need of more concessional financing (CSP)**
- **For these projects grant funding of so far less than 5% should increase to above 10%**
- **Establishing a sub-facility within the NIF for climate change mitigation projects (and perhaps also adaptation)**
- **Closely relate this sub-facility to the political initiative of the MSP**
- **Beyond these proposals no exceptional treatment of RE projects within the NIF (same rules as for all NIF infrastructure projects)**

Thanks for your attention

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